

Public Comment  
HB 396 "Predatory Lending"  
Rep. Bill Wilson, Business and Labor Committee  
Douglas L. Steele  
Vice Provost and Director, MSU Extension  
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HB 396

Good Morning Mr. Chair and members of the committee. My name is Doug Steele (last name spelled STEELE) and I am the Vice Provost and Director of Extension for Montana State University. More importantly, over the past four years I have been the Principal Investigator and Statewide Director for the HORIZONS program; a program funded by the Northwest Area Foundation to assist small, rural communities in addressing issues of poverty through leadership development, community capacity building and education.

To be eligible to be part of this program communities must have a population of less than 5,000 and a poverty rate of above 10%; unfortunately in Montana many of the communities that participate in this program have poverty rates of over 15% and higher. To date, 21 communities have completed this 18 month program and an additional 15 are now involved.

What I have learned as director of this project is that poverty not only exists throughout the Treasure State, but many individuals and families are living on the edge of poverty, which is more apparent now than ever. While the reasons for poverty are many, including the loss of a job, a health crisis and unforeseen financial circumstances; the pathway out of poverty can be accomplished with the appropriate support structures and motivation.

HB 396 provides needed oversight and direction for Deferred Deposit Loans and Title Loans. When individuals have a feeling of hopeless due to their financial situation, decisions are sometimes made out of desperation. While it is easy to assume that they will make good decisions, read the fine print and make sound financial decisions, the reality is that during times of despair the best decisions are not always made. HB 396 will provide additional financial protection to those that need it the most.

In 2002 MSU Extension personnel developed an educational brochure on Payday Loans and the Laws Protecting Montana Borrowers. National consumer groups have criticized payday loan lenders for annual percentage rates of over 900%. HB 396 provides some protection from predatory lending practices that can often compound an already serious financial situation. I encourage your support of this important piece of legislation.  
Thank you.